



INDUSTRY CIRCULAR

DEPARTMENT OF
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

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IMPORTATION OF PREVIOUSLY EXPORTED TOBACCO PRODUCTS AND CIGARETTE PAPERS AND TUBES

Importers of Tobacco Products or Cigarette Papers and Tubes,
Manufacturers of Tobacco Products or Cigarette Papers and Tubes
and others concerned:

Purpose. This Industry Circular advises businesses that engage in the importation of tobacco products and cigarette papers and tubes of the restriction and penalty of the Balanced Budget Act of 1997 (Section 9302(h) and (i) of Public Law 105-33, 111 Stat., 672). This circular addresses the importation of these products that were previously exported from the United States.

1. Who can import previously exported tobacco products and cigarette papers and tubes?

On or after January 1, 2000, only manufacturers of tobacco products or cigarette papers and tubes or export warehouse proprietors may receive from customs custody tobacco products and cigarette papers and tubes previously exported from the United States. The receipt from Customs Custody must be in bond. This means that on or after January 1, 2000, a business will not be able to remove these previously exported tobacco products and cigarette papers and tubes from customs custody by paying the customs duties and Federal excise tax. Manufacturers of tobacco products or cigarette papers or tubes or export warehouse proprietors must be qualified under Chapter 52 of the Internal Revenue Code (IRC) and must have a bond sufficient to cover the additional Federal excise tax on these previously exported tobacco products and cigarette papers and tubes. [Tobacco products include cigarettes, cigars, pipe tobacco, snuff, chewing tobacco and roll-your-own tobacco.]

Before January 1, 2000, a business may continue to remove previously exported tobacco products and cigarette papers and tubes from customs custody assuming that duty and excise taxes are paid and other requirements for the United States market (for example, Surgeon General's warning) have been met.

2. On or after January 1, 2000, what penalties apply to a person who continues to import tobacco products and cigarette papers and tubes that were previously exported from the United States and that are not being shipped in bond to a qualified tobacco products manufacturer or export warehouse proprietor?

The Balanced Budget Act of 1997 imposes a civil penalty on any person who:

Sells, relands, or receives within the jurisdiction of the United States any tobacco products, including cigarettes, which have been labeled or shipped for exportation under chapter 52 of IRC.

Sells or receives such relanded tobacco products or cigarette papers or tubes.

Aids or abets in such selling, relanding, or receiving.

The civil penalty is in addition to the tax and other penalties under the IRC, including criminal penalties. The civil penalty is at least a \$1,000 fine and subjects to forfeiture the tobacco products and cigarette papers and tubes to the United States. A larger fine may be imposed if the amount of the Federal excise tax on the tobacco products and cigarette papers and tubes is greater than \$200. In addition, any vessel, vehicle or aircraft involved in relanding or removing the tobacco products and cigarette papers and tubes is subject to forfeiture to the United States.

3. Will these penalties apply to a person dealing in tobacco products or cigarette papers and tubes that were lawfully entered into the United States before January 1, 2000?

No. No person will be penalized, as described above, for dealing in previously exported tobacco products and cigarette papers and tubes that are lawfully entered into the United States before January 1, 2000.

Questions. If you have questions about this industry circular, please contact your local Bureau of Alcohol, Tobacco and Firearms (ATF) office, or the Regulations Division, Room 5003, ATF, Washington, DC 20226 (202-927-8210). Also, you may send us an e-mail at alcohol/tobacco@atfhq.atf.treas.gov.

(signed)

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Director